Complying with OSHA could prove costly

(Continued from page 1)
on them and training employees who come in contact with these materials.

The HCS also requires employers to develop a written operating procedure for the handling of hazardous substances. This places added responsibility on retailers to collect accurate information about chemicals present at stores, as well as to train employees how to use that information to protect themselves from possible danger associated with these materials.

There is, however, a possible delay in the compliance date due to a conflict between OSHA and the Office of Management and Budget (OMB).

OMB ruled last October that OSHA issued the standard in violation of procedures required by the Paperwork Reduction Act, including the requirement of employers to maintain MSDS on multi-employer worksites.

The purpose of the MSDS is to describe the substance, its potential hazards, emergency procedures and a number where additional information can be obtained. Manufacturers are expected to include MSDSs with shipments of hazardous materials. Likewise, retailers that supply contractors with hazardous materials will need to include MSDSs with the shipment.

Hazardous materials

Some of the hazardous materials that home centers deal with include paint, paint solvents and thinners, pesticides and herbicides, wood dust, wood preservatives and sealants, asphalt and asphalt sealing compounds, lubricating oils, acidic and caustic compounds for cleaning, plumbing and electrical repair materials, including solder.

Home centers are vulnerable to liability when products are returned by customers and when accidents like spillage occur with hazardous materials. In addition to the products mentioned above, lubricating materials used for repair and servicing of vehicles and equipment such as delivery trucks and forklifts are also deemed hazardous.

Denny Carlson, safety manager at The Home Depot, Atlanta, said, "We're going ahead to comply to the best of our abilities until they come up with a decision on [the delay]. Right now we are capable of providing a MSDS within 24 hours on request.

"We already have outside environmentalists to monitor us, and another consultant group in California for those stores."

With regard to having MSDSs available at each worksite, Home Depot is exploring the option of making the information available through personal computers at each store.

Carlson feels that while the exact cost has not yet been determined, "it will be significant."

Carlson is on the board of the Safety Action Council (SAC), an industry-sponsored organization that is addressing factors pertinent to OSHA regulation compliance.

California is the exception to any deadline delay, as state OSHA rules are already in effect and are generally much more stringent than federal regulations. John Russo, manager of Safety and Risk Management for HomeClub, Fullerton, Calif., said that by complying with the state OSHA regulations, he is more than complying with federal OSHA (*see other story*).

Regarding the expense associated with compliance, Russo said, "We haven't put a cost figure on it. We have a consultant on retainer year round that we pay based on the number of facilities it oversees." Russo is also on the SAC board.

Brochure provides details

"Countdown to Compliance," a brochure sponsored by 28 industry associations, suggests that though delays may occur concerning the May deadline, "The time to deal with these issues is not one week before deadline for compliance or five months later when an OSHA warning is flung on top of your desk."

Compliance of HCS, the brochure states, is essentially a task of:

- Gathering information on the chemicals in use;
- Providing the information to employees;
- Keeping records of the steps needed for compliance.

Dealers face stricter laws in California

By an NHCN staff editor

SACRAMENTO, Calif. — While the rest of the country begins putting the wheels in motion to comply with the Occupational Safety and Hazard Administration regulations that go into effect this month, employers on the West Coast will already be in compliance thanks to Preposition 65.

Proposition 65, formally known as the Safe Drinking Water and Toxic Enforcement Act of 1986, addresses chemicals that are known to cause cancer or reproductive toxicity.

Steve Book Ph.D, science advisor to the secretary of California's health and welfare agency, said it was passed into law January 1987. With Proposition 65, chemicals deemed hazardous are listed. After a 12-month grace period, retailers and manufacturers who sell, produce or distribute the materials must provide warnings to consumers and employees.

Penalties for violation are strict in California: The fine can be as much as $2,500 per day per violation. In addition to both district and city attorney's offices, private citizens can enforce the mandate through the private citizen alert program. And, if the attorney general or the city attorney does not take action within 60 days, the citizen can take the violator to court and win 25 percent of the penalty.

At this time there are 224 chemicals listed.

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Vol. 14, No. 9 May 2, 1988

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Home Center News ®

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The *NHCN* Top 10 for 1987

Chain	Total Sales ($ Mill.)	% Change 86-87	Store Count
1. Lowe's	2,440	+ 7	295
2. Wickes Cos.	2,150	+ 10	376
3. Payless Cashways	1,770	+ 16	195
4. The Home Depot	1,450	+ 43	75
5. Builders Square	1,400	+100	118
6. Grossman's	1,077	+ 7	258
7. 84 Lumber	821	+ 20	361
8. Channel	725	0	180
9. Hechinger	725	+ 23	79
10. HomeClub	650	+ 41	36

Source: *NHCN* research — *NHCN* chart

Lowe's remained the industry's largest chain last year. And prior to its sale of Wickes Lumber, Wickes Cos. ran the most stores. But it was the warehouse chains whose sales exploded in 1987.

Supreme Court RPM ruling disappoints industry execs

By Ariane Sains

NATIONAL REPORT — A Supreme Court ruling that would allow manufacturers to protect some retailers from price competition is likely to have little effect on home centers, retailers and suppliers state.

But they say they are nonetheless disappointed with the Court's decision.

"I think it represents a step backward," said Robert Strickland, chairman of Lowe's Cos. in North Wilkesboro, N.C., the largest home improvement chain. "Attempts to prop up prices artificially have never worked in this country."

On May 2, the Court ruled that manufacturers are not necessarily in violation of the Sherman Antitrust Act if they stop supplying discounters to protect other retailers from price competition.

(Antitrust legislation pend-

(Continued on page 83)

Lumber City plots growth as new image emerges

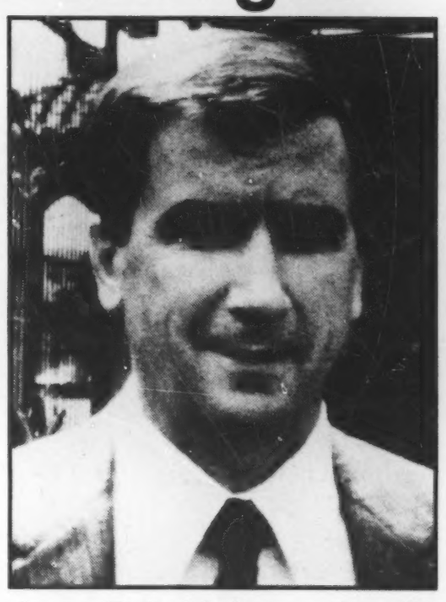
By Elizabeth Brent

VAN NUYS, Calif. — It's been two years since Jesse Ruf took over Neiman-Reed's Lumber City, a struggling small chain that had trouble with its customers, suppliers and finances.

Today, with Ruf's emphasis on profitability and people, the company has a new image and strong growth plans in the prosperous San Fernando Valley.

Sales are now growing in excess of 10 percent a year and Lumber City was scheduled to open two new replacement stores this month: a 27,000-square-foot store in Winnetka and 35,000-square-foot unit in West Hills. Both are in former supermarkets.

"We are clustering the stores for efficiency of advertising, synergism in the common market," said Ruf, who is the chain's chief executive officer. "Yet every store stands on its own."



Jesse Ruf, chief executive officer of Lumber City. NHCN photo

(Continued on page 83)

Census pegs 1987 sales growth at 15%

Data collected by *NHCN* showed that:

- The top 10 home improvement chains increased their sales 21 percent and accounted for nearly one-fifth of the $72 billion the Commerce Dept. reports for all hardware, home center and building materials outlets.
- The top 180 chains' sales expanded by 15 percent. But factoring out the huge gains achieved by the warehouse chains and Handy Andy (which grew 117 percent through acquisition), the sales growth was only 9.5 percent.
- Store count for the industry's leading 180 companies increased by less than 2 percent to 5,579 units;
- Over the past three years, the industry's top 10 companies have operated a shrinking number of stores, but have increased their share of the volume generated by the leading 180 companies to 54.2 percent from 49.9 percent in 1985.
- Lowe's remained the industry's largest chain, with $2.4 billion in sales and a 3.3 percent share of market.
- The average sales per store for the top 180 companies were $4.76 million. Among the top 25 chains, sales per store ran from $1.68 million for Carter Lumber to $19.3 million for The Home Depot.

Earn more with fewer units was retail theme for 1987

By Milford Prewitt

NATIONAL REPORT — The takeovers, leveraged buyouts and public offerings that made 1986 one of the industry's most volatile periods fizzled in 1987, as companies seemed to concentrate on earning more with less.

Last year saw many dealers furiously pursuing remodeling contractors and dipping their toe into the realm of commercial/industrial product marketing. And internally, there was far more attention being paid to shoring up operating costs, even as many dealers struggled to keep their stores manned due to employee shortages.

The wave of consolidations in 1986 that saw more than 400 industry stores acquired by new owners gave way to a 1987 marked by store closings and the wholesale abandonment of some markets by a number of companies.

It might be said the retail home improvement industry went from a sprinter's pace to one of a marathoner.

Of the top 10 companies, more than half—most notably Lowe's, Channel, Grossman's, Payless Cashways, 84

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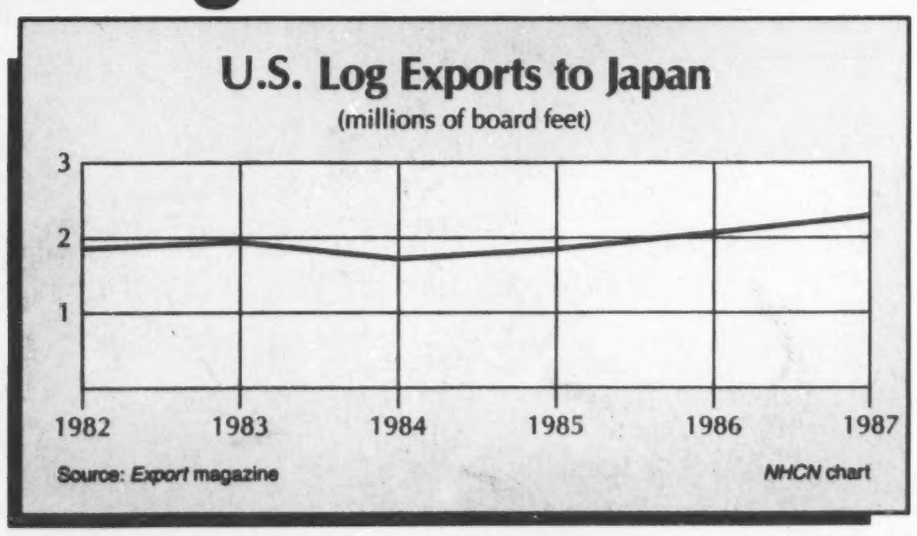
Congress considers bill to ban log exports



U.S. log shipments to Japan topped 2.3 million board feet last year, up from 2 million board feet in 1986.

By Milford Prewitt

WASHINGTON — Forest products producers are bitterly divided over a federal bill that would give states the right to ban the sale of logs to foreign countries.

The legislation, referred to as the DeFazio bill after its sponsor, Representative Peter A. DeFazio (D-Ore.), won an early round for passage when the International Trade and Economic Policy Subcommittee of the Foreign Relations Committee endorsed the measure by a 7 to 5 vote April 27. The next step will be a full debate by the Foreign Relations Committee.

Ever since the 1960s, the sale of logs to foreign lands has been illegal when the timber was cut on federally owned forest land. The state governments had a similar restriction until the U.S. Supreme Court overturned a law in 1984 and ruled that only the federal government could regulate international trade.

The DeFazio bill looms as one of the most hotly contested issues to emerge in the forest products industry since

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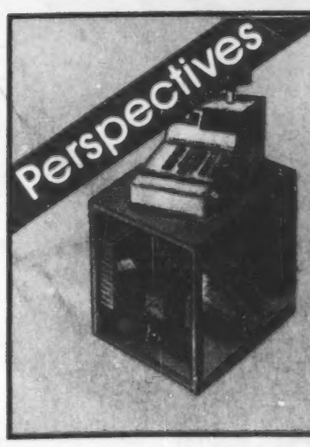
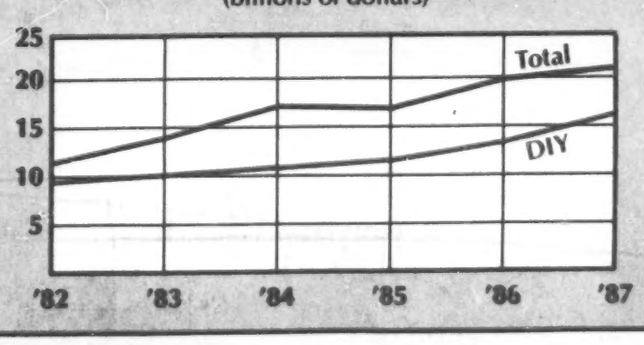


The *NHCN* Annual Report on the Home Center Industry Part One

This year's census issue focuses on the growth of the top 180 retail companies, the first of three issues tracking the industry's performance, with subsequent issues to be dedicated to hardlines wholesalers and commodities distributors.



NEWSBREAKS

LEVOLOR LORENTZEN FOR SALE: Levolor Lorentzen, the window blind manufacturer, may be up for sale following infighting among family members. All shares of the company are in family hands.

LOUISIANA PROPOSES AD TAX: New legislation in Louisiana proposes a 4.5 percent tax on creative services and media placement of ads. National and in-state advertising would be affected. The Ways and Means Committee is expected to consider the bill by month's end.

INDUSTRY UPDATE

Okla. firm to buy Reynolds div.

OKLAHOMA CITY — Macklanburg-Duncan has reached an agreement to acquire a division of Reynolds Metals Co. in Elizabethtown, Ky.

Manufacturing for the division, Do-It-Yourself Aluminum Products, will be moved to Oklahoma City, Macklanburg-Duncan said in a statement.

Edward A. LeBlanc, executive vp of the Consumer Products Division, said the acquisition will allow M-D to expand its product line.

The company currently manufactures 10 lines, including caulking and adhesives. Its products are distributed nationally through hardware stores, home centers and lumber yards. The Reynolds division manufactures aluminum sheets, tubing, sliding door and panel tracks, weather stripping and floor and wall trim.

Lumber exec. wins elective post

ROSS, Calif. — A San Francisco home center executive has won an elected office here after campaigning to stop the U.S. Army Corps of Engineers from building a flood control project in his home town.

Charles Goodman, president of Goodman Lumber in San Francisco, was elected to the Ross Town Council by a whopping 75 percent of the town's voters April 12 following his campaign to stop the Army from constructing a project that he said would mar the town's natural beauty.

Goodman, who founded Residents Concerned for Ross, garnered 620 votes of the 829 persons who cast ballots. The town of Ross has 2,600 residents and is 17 miles north of San Francisco in scenic Marin County.

"I just hope I have as many friends when I go on the council as I do when I come off," Goodman said.

He said he still expects to work fulltime while satisfying the responsibilities of the four-year term with night duty.

USG rejects latest takeover bid

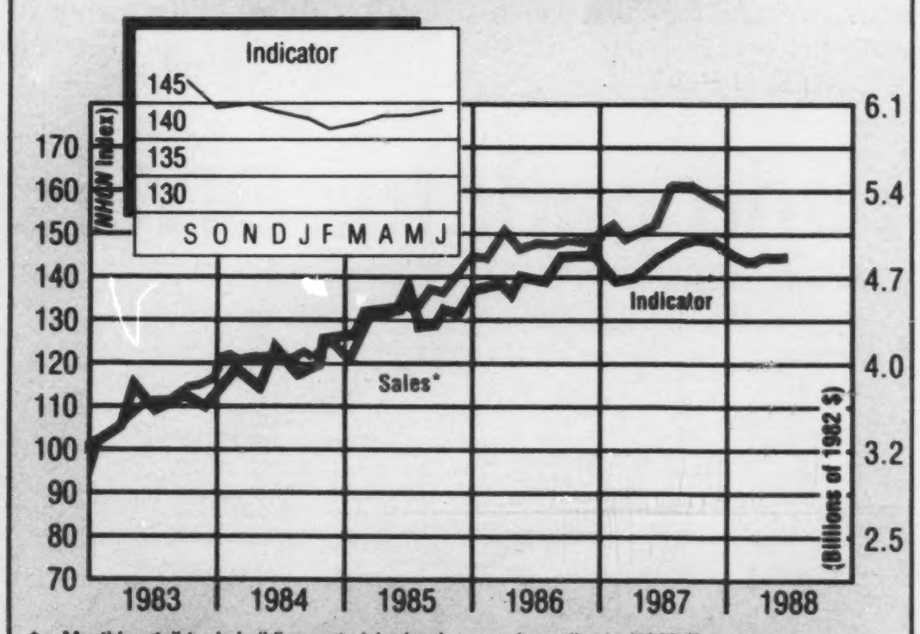
CHICAGO — USG Corporation rejected a new offer for its stock by Desert Partners L.P. of $50 per share for 37.1 million common shares and a swap of $50 million in debt and common stock for its remaining 14.7 million shares.

The group also offered to merge with USG under a plan that would pay shareholders $39 per share in cash, $9 in debt and shares representing 15 percent of the new firm.

Desert Partners made the offer to counter a recapitalization plan by USG that would sell off its Masonite and Kinkead divisions and pay shareholders $37 per share plus $5 in debt and one share in the new company totalling $2.2 billion. This plan reportedly was worth more than Desert Partners' $45 per share made before its May 4 offer.

USG also filed suit against Merrill Lynch for its role in Desert Partners' hostile takeover bid, alleging that Merrill—which worked for USG when it acquired DAP last October—used confidential information illegally.

NHCN Leading Sales Indicator



*—Monthly retail trade building materials, hardware and supplies in (1982 $).

Indicator—represents an estimate offuture building material retail sales (adjusted for inflation) relative to Jan. 1980, based on current levels of housing starts and resales, personal income, interest rates and related data.

The NHCN Leading Indicator is pointing to a decline in building material sales in the second quarter due to weakness in housing starts. Business Watch (p. 71) highlights the energy market and the West South Central states.

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Available for calls 9-5:30 (E.S.T.)

Baltimore's Atlantic Mill Lumber razed in 4-day, inner harbor fire

By an NHCN staff editor

BALTIMORE — A multialarm fire that took this city's fire fighters four days to quell devastated Atlantic Mill and Lumber Co. here, a 70-year-old manufacturer/retailer.

Atlantic Lumber was one of four concerns that were completely gutted when a fire of undetermined origin began in a storage shed on the grounds of an abandoned oil refinery on the night of April 13. The fire raced out of control in the industrial and warehouse district of Baltimore's inner harbor.

Capt. Patrick J. Flynn, a spokesperson for the city fire department, said damages from the fire were estimated at $10 million, with the lumberyard accounting for $2 million of the assessment.

Four-day battle

Flynn said the seven-alarm fire required fire crews to fight the blaze for two days over three shifts and devote another two days snuffing embers once the heart of the inferno was contained.

Flynn said Atlantic Lumber, which was adjacent to the abandoned oil plant, turned into a "10-foot pile of cinders in a matter of minutes."

Authorities are still investigating the cause of the fire, Flynn said.

Yard moves to new location

Atlantic Lumber has moved to another location, but company president, Sidney Meyer, declined to talk about how the company would fare. He said in two months he would have a better picture on the fate of the operation.

Atlantic Lumber was a traditional lumberyard with an adjoining facility for manufacturing millwork.

Britain's Ward White acquires 509-unit DIY home decor chain

By an NHCN staff editor

LONDON — Ward White Group, the British corporation whose interests include the Builderama chain in Georgia and Payless DIY, England's third largest chain, has acquired A.G. Stanley Holdings plc, which operates 509 retail home improvement and decorative products units.

Deemed "a logical extension" of its 93-unit Payless home improvement chain, Stanley's stores go under the names "FADS," "Decor 8" and "Home Charm."

The acquisition of the Stanley stores in predominantly "high street" or urban locations allows Ward White greater penetration with city dwellers, as its Payless DIY units serve suburbanites for the most part.

Ward White, which already owned 3.7 percent of Stanley's stock, is purchasing all of Stanley's remaining common stock and preferred shares. The common purchase is estimated to be £103 million ($193.6 million); the preferred share transaction is said to be worth £12.8 million ($24.1 million).

Current shareholders will either be able to swap their shares for new Ward White stock, or can get a cash alternative.

In a prepared statement, Ward White said that its experience in the retail DIY market would allow it to "unlock the profit potential" of Stanley's stores, which last year produced £5.3 million ($10 million) in pretax earnings on £83.3 million ($156.6 million) in sales.

The Stanley acquisition is further proof of Ward White's aggressive expansion posture. Last December, the company purchased the 17-unit Madeley's chain for £27 million ($50.8 million), which was added to Payless DIY.

Payless last year increased its volume 56 percent to £184 million ($345.9 million), and its operating profit by 122 percent to £21.8 million ($41 million).

Ward White controls the Builderama chain in Savannah, Ga., through its Wiener Enterprises subsidiary. Officials for Payless DIY told *NHCN* in March that part of Ward White's growth strategy was "looking for any niche retailer operating in the U.S., including DIY."

Fagen's buys Fla. building materials firm

By an NHCN staff editor

PITTSBURGH — In the first step of a plan to expand in new markets, Fagen's Building Centers has acquired the building materials division of Panama Machine & Supply Co. for an undisclosed amount.

The purchase of the firm, based in Panama City, Fla., includes window and door manufacturing operations and a truss plant.

Fagen's ceo Jack Fagen said he decided to expand into Florida because "it's a growing market. And we saw this as a good opportunity." Fagen said Panama's 60 employees will be retained.

The purchase will be financed through operating cash and debt. Fagen said he will "continue to look for acquisition opportunities on the East Coast."

The acquisition of the manufacturing operations should fuel Fagen's expansion of his custom-built window service and his ceiling truss business, which began nearly two years ago.

In buying Panama, Fagen has also broadened an expansion program that began with the purchase of 11 Pittsburgh-area specialty stores a year ago. The stores included eight Color Your Worlds and three Peerless Wallpapers.

G-P, Weyerhaeuser post 1stQ gains

By an NHCN staff editor

NEW YORK — Georgia-Pacific and Weyerhaeuser reported strong first quarter performances spearheaded again, as it was through most of 1987, by strong demand for pulp and paper products.

G-P reported a net income of $106 million on sales of $2.1 billion for the three months ended March 31. In the first quarter of 1987, the company reported sales of $1.9 billion on sales of $80 million.

Weyerhaeuser reported net income of $114 million on sales of $1.8 billion. A year ago, the company made $101 million on sales of $1.6 billion.

In a press release, T. Marshall Hahn Jr., G-P's chairman and ceo, attributed the company's strong activity to the high demand for pulp and paper. He said capital improvements and refinements in manufacturing the products helped.

But Hahn said profits in the building products segment slipped in the first quarter from $119 million a year ago to $108 million currently.

George H. Weyerhaeuser, chairman and ceo, said paper and pulp segments were up nearly 60 percent over 1987. But he noted that the performance was offset by slowdowns in other segments of the company's business.

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Perspectives

Section 2

The *NHCN* Annual Report on the Home Center Industry

PART ONE: THE TOP RETAIL LEADERS

The home improvement industry has three main components: retailing, commodities distribution and hardlines wholesaling. This year's *NHCN* Annual Report of the industry aptly depicts its retail census with a cash register, as the Top 180 chains increased their volume an average of 15 percent in 1987.

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